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Extended essay cover

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Candidate session number			
Candidate name			
School name			
Examination session (May or November)	May	Year	2015

Diploma Programme subject in which this extended essay is registered: Philosophy

(For an extended essay in the area of languages, state the language and whether it is group 1 or group 2.)

Title of the extended essay: To what extent did the
philosophy of Ayn Rand contribute to the
contemporary disparity of wealth?

Candidate's declaration

This declaration must be signed by the candidate; otherwise a mark of zero will be issued.

The extended essay I am submitting is my own work (apart from guidance allowed by the International Baccalaureate).

I have acknowledged each use of the words, graphics or ideas of another person, whether written, oral or visual.

I am aware that the word limit for all extended essays is 4000 words and that examiners are not required to read beyond this limit.

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Candidate's signature: _____ Date: Feb. 2, 2015

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Name of supervisor (CAPITAL letters) _____

Please comment, as appropriate, on the candidate's performance, the context in which the candidate undertook the research for the extended essay, any difficulties encountered and how these were overcome (see page 13 of the extended essay guide). The concluding interview (viva voce) may provide useful information. These comments can help the examiner award a level for criterion K (holistic judgment). Do not comment on any adverse personal circumstances that may have affected the candidate. If the amount of time spent with the candidate was zero, you must explain this, in particular how it was then possible to authenticate the essay as the candidate's own work. You may attach an additional sheet if there is insufficient space here.

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I have read the final version of the extended essay that will be submitted to the examiner.

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As per the section entitled "Responsibilities of the Supervisor" in the EE guide, the recommended number of hours spent with candidates is between 3 and 5 hours. Schools will be contacted when the number of hours is left blank, or where 0 hours are stated and there lacks an explanation. Schools will also be contacted in the event that number of hours spent is significantly excessive compared to the recommendation.

I spent

2

 hours with the candidate discussing the progress of the extended essay.

Supervisor's signature: _____

Date: 10 MAR 2015

Assessment form (for examiner use only)

Candidate session number		
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Criteria	Achievement level					
	Examiner 1	maximum	Examiner 2	maximum	Examiner 3	
A research question	2	2		2		
B introduction	1	2		2		
C investigation	3	4		4		
D knowledge and understanding	3	4		4		
E reasoned argument	3	4		4		
F analysis and evaluation	3	4		4		
G use of subject language	3	4		4		
H conclusion	2	2		2		
I formal presentation	3	4		4		
J abstract	2	2		2		
K holistic judgment	3	4		4		
Total out of 36	28					

Name of examiner 1: _____ Examiner number: _____
(CAPITAL letters)

Name of examiner 2: _____ Examiner number: _____
(CAPITAL letters)

Name of examiner 3: _____ Examiner number: _____
(CAPITAL letters)

IB Assessment Centre use only: B: _____

IB Assessment Centre use only: A: _____

To what degree did the application of Ayn Rand's political philosophy inspire morally ambiguous legislation that furthered the disparity of wealth in America?



3,994 Words

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Abstract

This document, prompted by the philosophy presented in Ayn Rand's book *The Virtue of Selfishness*, aimed to analyze Rand's philosophy of objectivism, as well as its applications to the government of the United States and the wealth disparity in said country. In doing so, it became necessary to explore the moral ambiguity of the legislation that made such an economic disparity possible and the degree to which Rand's philosophy of objectivism justified such legislation. The research following such a thesis ultimately stemmed from the logical fallacies presented by Rand within her ideals of objectivism, requiring me to delve farther into her philosophical thought, as well as factual data surrounding the legislation and resulting economic disparities. Such research, requiring me to read books and internet sources to gather philosophical and statistical data, fills the gap between Rand's theoretical ideals of objectivism and the practical application of that philosophy. In finding the missing piece in the puzzle that is the disparity of wealth, I also found that objectivism is a justification for unfair conditions, which ultimately implies that we humans prefer justification to positive change as a framework in our moral constitutions. This paper revealed the connections between Objectivist philosophy and wealth inequalities, and ultimately concludes that objectivist philosophy is a cause, among many, of the economic disparities in the United States.

OR.

Introduction

Ayn Rand's personal brand of objectivism promotes the virtue of selfishness as a means of success in a capitalist economy. Responsibility for oneself, reason, and productivity are the pillars of this objectivism (Introduction to objectivism) and the economy of The United States of America. Reading her book, *The Virtue of Selfishness*, I realized that much of her policy was the cause of the perceived injustices present within contemporary American culture. It could be said that Rand's personal philosophy of objectivism began a domino effect - objectivism led to government action, which has caused an enormous disparity of wealth in America. Within the minutiae, there lay important philosophical questions, the answers to which qualify the morality of any such legislation and the degree by which Ayn Rand's political philosophy ultimately furthered the disparity of wealth in America. This leads to my research question: **to what degree did the application of Ayn Rand's political philosophy inspire morally ambiguous legislation that furthered the disparity of wealth in America?** Within the bounds of this question I will explore Ayn Rand's objectivity, the applications of such objectivity, economic disparities as a product of those applications, the moral ambiguity of the situation responsible for those disparities, and finally qualify the degree by which those disparities are a function of Rand's objectivist philosophy.

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Ayn Rand: the objectivist promotion of selfishness

In her book *The Virtue of Selfishness*, Ayn Rand separates the word selfishness from its negative connotation almost immediately. In the first page of the introduction, selfishness is defined as “concern with one’s own interests,” followed immediately by the idea that “[selfishness] does not include a moral evaluation; it does not tell us whether concern with one’s own interests is good or evil” (Virtue vii). This speaks to the objectivist ideals of self-reliance and reason. Taking care of oneself before others is not a matter of good or bad; it is a case of reason alone, and reason is deemed by Rand to be the drive behind all selfish acts. This idea of selfish action being the so called “right” action, dates back to the seventeenth century, when Thomas Hobbes wrote his book *Leviathan*. Claiming that all humans were selfish, Hobbes submitted that all actions could only be caused by self interest. If this is the case, Rand’s argument for selfishness is almost moot, except for the fact that it simply justifies and makes morally and societally acceptable the ever present virtue of selfishness. Pragmatism and objectivity, as virtues, are the foundations of morality. In fact, Rand decries the concept of good and evil, referring to them as the “province of whims” (Virtue 14). These objectivist sentiments outlined in the beginning of the book lay the foundation for the chapter on government financing in a free society - where Rand argues that taxation is voluntary in an entirely free society.

To create “voluntary” taxation, one must tax the goods and services that are regularly subsidized, such that the desire for those goods and services is greater than the desire to avoid paying a tax. Rand implies that subsidization of goods by the government of any free society hinders the self reliance and productivity required to keep the government free. One could assume that the services subsidized by the government are necessities of life, being that the

government sees fit to spend money on them - yet it is not the governments responsibility to provide these necessities without charge in a government entangled with a free market economy - which Rand fully supports. Furthermore, to keep the market and society entirely free, the government must not, and legally can not, force any redistribution of wealth. In a purely free and objectivist society, it is the burden of the wealthy to voluntarily "maintain a civilized society, in favor of those who are unable or unwilling to pay the cost of maintaining their own existence" (Virtue 140). This does present a conflict of interest, because self reliance is not achieved by relying upon the wealthy; yet reason does dictate that one with a grand amount of resources should expend them, thus stimulating the productivity of those without resource. The ultimate resource, according to Rand, is reason, and all the rest - money and self interest - will follow. "I am not primarily an advocate of capitalism, but of egoism; and I am not primarily an advocate of egoism, but of reason. If one recognizes the supremacy of reason and applies it consistently, all the rest follows." - Ayn Rand, "Brief Summary," The Objectivist. (Ayn Rand Institute) To Rand, capitalism, egoism, and reason are necessary for civilized existence, creating objectivism. Selfishness is ultimately the inspiration for trickle down economics, tax-cuts, and the justification of the aforementioned facets of free enterprise.

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Applications

The applications of Ayn Rand's philosophy, as demonstrated by their prevalence in United States legislation, became popular during the emergence of new-right conservatism in the 1980's, a movement fueled by the ideas of Rand. Many economic policies of the time, inspired by Rand's meaning of selfishness, and pushed through congress by "conservative business bigwigs who claimed that environmental and labor regulations were undermining the competitiveness of American firms in the global market" (The New Right) could now be created in a way such that they were self serving, yet still "moral." The most blatant link between Rand's work and the economy can be seen in Rand's influence upon the economic revolution seen in supply-side economics, also known as trickle down economics. In fact, she "[was a mentor to] the two major exponents of classical supply side economics... Jude Wanniski and George Gilder," (Rousseas 22) meaning her writings had a direct influence upon the shift from Keynesian economics to trickle down economics. The assumption that serves as the basis for the justification of supply-side economics is that when tax rates are lowered, tax revenues will increase. (Rousseaus 26) This idea matches Rand's concept of voluntary taxation almost to a tee, in that it cuts the taxes people were required to pay, and resulted in an enormous decrease in government spending - reducing the government to an "agent" rather than a "benefactor." (Rand 138) The legislation written by Ronald Reagan in 1981, twenty years after Ayn Rand wrote the virtue of selfishness, marked the shift in economic principles and signed into effect one of the largest tax cuts America had ever seen. "The top income tax rate was slashed from 70% to 28% ... The 1981 bill also made certain business deductions more generous." (Sahadi) This bill

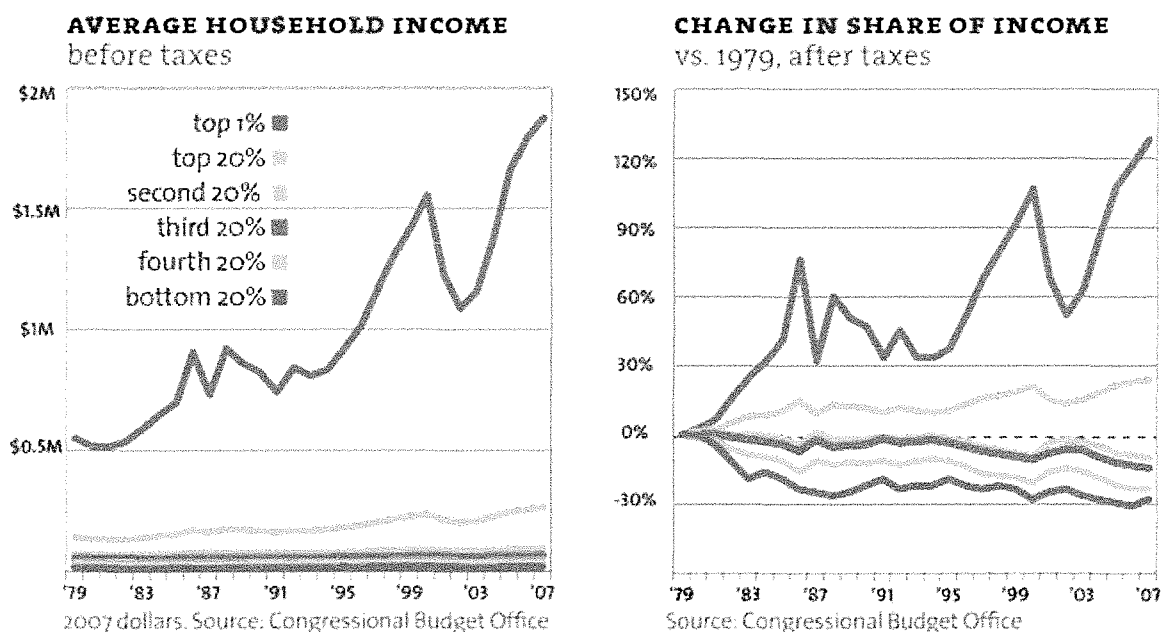
supported the all-American acquisition of money, a pastime Ayn Rand fully supported. Less taxes, less social programs, less regulation of the free market.

The notion held by Reagan, Wanniski, and Gilder was such that they could be selfish, that a tax break for the wealthy friends of those in power would stimulate the economy, that the wealthy, once they had received their tax cuts, could spend more, creating more jobs - thus the money would “trickle down” and the selfishness would pay off - literally. The fact of the matter is that “in 2009, this top 1 percent of U.S. households owned 35.6 percent of the nation’s private wealth... more than the combined wealth of the bottom 90 percent,” (Wealth Inequality) and these mega-wealthy citizens of the United States of America can attribute their fortune to legislation written thirty three years ago, in a country consumed by the bottom line. “To the glory of mankind, there was, for the first and only time in history, a country of money—and I have no higher, more reverent tribute to pay to America, for this means: a country of reason, justice, freedom, production, achievement” (Capitalism 138).

Interestingly enough, the book from which the aforementioned quote was taken was co-authored by a man named Alan Greenspan. He is an Economist from the United States of America who sat as Chairman of the Federal Reserve for nineteen years, beginning in 1987. It is not simply a coincidence that a man, sharing the aforementioned sentiments with Rand, was deemed fit to manage America’s fiscal policy right after the installation of Reagan’s tax cuts. Rand’s objectivism has become an integral part of the cloth from which American economics is cut, explicitly tied to the implementation of trickle down economics, as well as the legislation that made such a system possible.

Disparities

By Rand's own definition, money is a commodity to be valued highly. (Ayn Rand Institute) Assuming money is as important to all of the American population as it is to Ayn Rand, disparities in wealth are significant. This disparity, or wealth inequality, "can be described as the unequal distribution of assets within a population." In the United States, there is a greater disparity of wealth between rich and poor than in any other major developed nation. Wealth may be defined as "net worth," or the sum total of assets minus liabilities. (Wealth Inequality) Of course some of this disparity is to be expected in a free market economy, but a free market simply can not account for the ever widening gap between the nations wealthiest and poorest inhabitants. The United States, wether or not it was ever truly the land of opportunity, has become home to both some of the wealthiest and poorest inhabitants of the planet - and the wealthy are acquiring more capitol, and the poor losing whatever little money they had to begin with. The phrase "the rich get richer, and the poor get poorer" comes to mind here. In fact, those who were millionaires in 2008 increased their wealth ownership by 54% in just five years. Furthermore, Credit Suisse, a banking intermediary that handles many offshore american accounts, predicts that wealth for those in the bottom percentile will steadily fall over the next 60 years. (Korn) The stock market, an important component of free trade, is tied up in the hands of the wealthy, with the top 10% owning 81.2% of all stock market wealth in 2007. However impressive these facts and figures may be, these conditions are nothing new.



The graphs (Gilson) make clear that the top one percent have almost quadrupled their wealth, while those in the lower eightieth percentile have remained at about the same level of income for 28 years. Furthermore, after 1981, the year Reagan wrote tax cuts for the wealthy into law, the change in share of income, even post tax, increases for the top one percent. (Gilson) These graphs are a testament to the objectivity used by officials such as Reagan and Greenspan when creating economic conditions that favor the wealthy. Further, they are a testament to the selfishness of any such official: in the interest of self preservation - or re-election - tax cuts have been made so that the wealthy friends of those officials may prosper.

Connections between objectivism, applications of objectivism, and the disparity of wealth

Which connections may be made between objectivism, applications of objectivism, and the disparity of wealth? It must be made clear that Ayn Rand's objectivism, American legislation, and a widening wealth inequality are indefinitely linked. Rand's objectivist theories, which find their basis in the interest of self preservation, the responsibility for ones self, and the productivity

of people as a measure of their worth. The government functions in a manner of objectivity, advocating self preservation with numerous budget cuts, self-reliance with the downsizing of social programs, and productivity of it's citizens by creating a competitive economic environment in which only the productive can prosper. However, when the creation of that economic environment is imbalanced, wealth inequality occurs.

Moral Ambiguity

Within the connections lies a moral ambiguity: is it moral to promote any legislation that creates an unfair economic environment? If so, by whose standards? I will examine the morality of the situation as a whole, from the perspective of Ayn Rand's writings, the United States' constitution, as well as my own evaluation of the morality, or lack thereof, within the objectivist economic legislation. Ayn Rand is best known among philosophers for her support of egoism in ethics as an extension of objectivity. Viewing ethics with a teleological foundation, there "is an end that serves as the standard for defining moral values and virtues, and in relation to this end, moral norms impose obligations" (Gotthelf ix). The end, in this case, is self servitude, and the means to that end is cold reason. Self servitude, as the end, defines selfishness as a virtue rather than a vice. Self - Efficacy and preservation are tenets of this virtue, and by this virtue, the disparity of wealth in the United states is entirely ethical. According to Rand, an individual acting in his or her own self interest is not breaking some unspoken moral code, it is simply a matter of biology. One who is a "free rider" hampers his or her own survival - by free riding, one is simply developing low effort substitute for developing one's own intellectual resources, thus decreasing self efficacy, thus making one less fit to survive (Gotthelf 25). If the poor in the United states starve, it is by their own doing that they have no food. To Rand, the poor were not

simply dealt a poor hand, they dealt it to themselves. By that same token, if the wealthy acquire money, it is by their own doing. Hard work, reason, and purpose are the only tools one needs, the rest will follow: e.g. wealth.

Furthermore, the tax cuts imposed by Reagan, which may seem heinous from the perspective of a wage worker, is highly ethical from Rand's point of view. A propagator of "voluntary taxation," Rand stated that federally mandated taxes should be done away with, replaced with taxes on commodities provided for free from the government. An example given is the government's protection of contractual agreements between citizens. Rand proposes that the government only recognize as legally valid the contracts of those who had been insured by a payment to the government. It makes sense then, if working by Rand's ethical logic, that Reagan would cut taxes for the wealthy, thus making taxes "voluntary," all the while cutting funding for programs like social security and education. These cuts force citizens to become more reliant upon themselves, seek private education, etc. It is apparent that Rand would also approve of the massive disparity of wealth in the United States. A staunch believer in capitalism, Rand sees the market the same way she does life: every man for himself. In the interest of money, selfishness is important, because one of the pursuits Rand believes to be "virtuous" is the aspiration to acquire, and to eventually obtain a lot of, money; regardless of the psychological cost. Rand advocates one's "choice to value," (Gotthelf 33) meaning one may choose to value whatever one chooses, money being one of the noblest values. This value, a driving force in one's freedom to choose, blurs the line between economic policy and ethics.

In a hailstorm of egoist, objectivist, and virtue ethics, it becomes confusing as to how Rand's ethical and political philosophy could have inspired trickled down economics - although

tax cuts for the wealthy are a facet of Rand's economic policy, allowing the poor to rely upon the wealthy as a result of those tax cuts is entirely opposite of Rand's system of ethics. This conflict between Rand's ethics and her economic philosophy is almost as large as the disparity of wealth it has brought about.

Furthermore, there remains the question of the constitutionality of any such policy. The constitution is a remarkable document, a product of its time; full of enlightenment ideals. Life, liberty, and property were listed as the inalienable rights of men, (Currie Back Flap) as outlined by Locke, one of the enlightenment's most notable thinkers. Within the constraints of the constitution, the inalienable rights of men are outlined, as well as the rights of the government, and the intersection of governmental rights and Man's rights. The idea behind this intersection is the social contract: the consent of the governed is necessary to ensure a fully functional government. You see the social contract enforced within the bill of rights, what with amendments two and 10 guaranteeing the right to retain a militia in order to "keep a free state," (Currie 115) and to "the powers not delegated to the state" (Currie 117). I would like to question the constitutionality of Ayn Rand's objectivism, and examine the morality of the wealth inequality from within the constraints of the constitution. In and of itself, objectivism is almost purely constitutional, a Lockean dream. Self reliance and selfishness may be named as the pursuit of happiness, a right guaranteed in the Declaration of Independence; productivity is merely the means in the pursuit of property - capitalism at its finest; and finally, the both Ayn Rand and the enlightenment framers of the constitution valued reason quite highly. It could be said that much of Rand's political philosophy is simply a game of semantics, a quick rewording of the constitution to justify selfishness within a purportedly equal society. As to the morality of

allowing any tax breaks for the wealthy, the constitution is the standard to which morals are held by politicians. Article one, section two, of the constitution states that “direct taxes shall be apportioned among the several states which may be within this union,” which essentially means that the government of the United States of America reserves the right to tax, or not to tax, its citizens (Currie 102). This means that the constitutionality of the tax cuts imposed by Reagan remains intact in terms of the president’s right to levy taxes. However, the inequalities spawned by such taxes may not be entirely constitutional, thus rendering the taxes themselves immoral, by the standard of the constitution. All citizens, being given equal rights under the protection of the law, reserve the right to profit economically in the American free market. However, the tax cuts for big businesses and the wealthiest one percent allow that class much more market mobility than those within lower tax brackets. This renders any such inequality immoral by the constitution, however free the market may seem to be. No favor should be applied to any socioeconomic group, no matter the appeal. Thus, Ayn Rand’s philosophy of objectivism is at odds with the United States constitution, as well as the Lockean ideals it was founded upon. F

Moreover, for Rand, who states that self-fulfillment is an important part of life, and sees money as a means to that end, cannot agree with the inequalities rendered as a product of the economic disparities seen in the United States. The pursuit of happiness is a guaranteed right, and if the right to money is impeded, by Rand’s logic, so would the right to that happiness. Rand’s objectivist philosophies intersect with, as well as contradict, the reasoned philosophy of the Constitution. /

Yet another point of view through which to examine the morality of government facilitated wealth inequality is my own. I must begin by stating that I do not believe Rand’s

objectivist philosophy is moral; rather it is a justification for all that I perceive to be immoral. Being a consequentialist, I find that the objectivist philosophy, in theory, is logically sound - happiness is the ultimate goal, and selfishness is the means to that end. It may be said that happiness is the ultimate goal of any ethical system, such that the system should guarantee happiness for all, whatever happiness may be defined as under that system. In any case, objectivity promotes selfish action to achieve personal end, but therein lies a problem: those who assume societal positions of power, such as the wealthy, will inevitably encroach upon the means to achieve such personal ends of those with less power.

Objectivity is inherently imbalanced in that it does not take into account the needs of those considered to be “lesser” individuals. Further, objectivity does not take care of the problem of consequence, such that one may behave selfishly in one’s own interest, yet the consequence of that action may interfere with another’s interest. If every person on the planet were to behave selfishly, productivity would halt - exposing yet another conflict in the ideals of Rand. She does, however, address the concept of altruism, stating that it is a great moral evil. Taking the definition of altruism literally, she believes that honestly placing the needs of another over one’s own defeats reason. That is not to say that one could not spend money on someone, a homeless beggar man for instance, and feel good about it; Rand’s dislike for altruism stems from a place of ultimate self sacrifice. Do not die for another, and when you do something good for another, it should be by one’s own choice, the act of altruism may not be your primary aim, and you must not consider the act a moral virtue (Ayn Rand - The Morality of Altruism).

I disagree with Rand’s evaluation of altruism however, because I believe certain actions must be beyond reason. Take for example, the mother of a newly born baby. She will protect that

baby at all costs, even if that cost is her own life. This is not simply an irrational action, it is an act of love. Love is what separates humanity from the cold objectivity proposed by Rand. I submit that humanity is greater than cold calculation and selfishness, and may understand that in today's massively globalized society, consequence is of greater importance than self interest.

The degree to which the wealth disparity is a function of Rand's objectivism

As demonstrated earlier in the paper, the wealth disparity and Rand's objectivism are certainly linked. Is there a measurable degree as to how closely the two are linked? There is no number, no way to quantify the closeness, yet it may be qualified. Rand's objectivist philosophy closely aligns with the reasoned philosophies behind the constitution, the ideals of trickle down economics, as well as the idea that inequality is morally acceptable. Rand did directly influence the men who invented trickle down economics, and seeing as such, she indirectly influenced the current disparity of wealth in the United States. It is safe to say that Ayn Rand's objectivism is a cause, to a greater degree, of the wealth inequality in the United States. ✓

In Conclusion

Ayn Rand's philosophy of objectivism is based upon the value of self-interest and reason. These interests in turn created, to a greater extent, a great disparity of wealth in the United States. This not only reveals a connection between Rand and the great wealth disparity, but also a shift in the virtues valued by Western society.

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